

ORDINANCE NO. _____, SERIES 2007

AN ORDINANCE AUTHORIZING THE ISSUANCE OF \$31,000,000 PRINCIPAL AMOUNT OF "LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY, ENVIRONMENTAL FACILITIES REVENUE REFUNDING BONDS, 2007 SERIES A (LOUISVILLE GAS AND ELECTRIC COMPANY PROJECT)"; AUTHORIZING THE LOAN OF THE PROCEEDS OF SAID BONDS TO LOUISVILLE GAS AND ELECTRIC COMPANY, A KENTUCKY CORPORATION, FOR THE REDEMPTION, PAYMENT AND DISCHARGE OF CERTAIN OUTSTANDING BONDS OF THE COUNTY OF JEFFERSON, KENTUCKY HERETOFORE ISSUED UNDER DATE OF SEPTEMBER 17, 1992; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT, KENTUCKY, AND LOUISVILLE GAS AND ELECTRIC COMPANY; AUTHORIZING THE EXECUTION AND DELIVERY OF AN INDENTURE OF TRUST SECURING SAID BONDS; CONFIRMING AND APPROVING THE SALE OF SAID BONDS TO THE PURCHASERS THEREOF; AUTHORIZING THE EXECUTION OF A BOND PURCHASE AGREEMENT AND AN INDUCEMENT LETTER; APPROVING AN OFFICIAL STATEMENT IN RESPECT OF SAID BONDS AND TAKING OTHER RELATED ACTIONS.

Sponsored by: Councilwoman Cheri Hamilton

WHEREAS, the Louisville/Jefferson County Metro Government, Kentucky (the "Issuer") is the governmental successor to the County of Jefferson, Kentucky (the "Predecessor County") and, pursuant to operation of law has mandatorily assumed all obligations of the Predecessor County and has been vested with ownership of all property of the Predecessor County; and

WHEREAS, the Issuer has a compelling interest in the health, convenience, safety and general welfare of its citizens, and pursuant to the provisions of Chapter 67C and Sections 103.200 to 103.285, inclusive, of the Kentucky Revised Statutes (the "Act"), the Issuer is specifically authorized and empowered to issue its Environmental Facilities Revenue Refunding Bonds (or such other designation as the Company shall determine upon when the bonds are offered or sold) and loan the proceeds from the sale thereof to Louisville Gas and Electric Company, a Kentucky corporation (the "Company") and a regulated utility company, for the acquisition and construction of "pollution control facilities" as defined in the Act and for the refunding of such bonds; and

WHEREAS, the Company has heretofore, through proceedings of the Predecessor County, financed the acquisition of certain air pollution control facilities to serve the Mill Creek and the Cane Run Generating Stations of the Company, which facilities collectively constitute the Project, as hereinafter defined in Article I (the "Project"), located within the corporate boundaries of the Issuer, which Project consists of certain air pollution control facilities in furtherance of the regulations of the Natural Resources and Environmental Protection Cabinet of the Commonwealth of Kentucky and the Air Pollution Control District of Jefferson County, Kentucky, and which Project qualifies for financing within the meaning of the Act; and

WHEREAS, the Project has been completed and placed in service and the Project contributes to the control, containment, reduction and abatement of atmospheric pollution in the Commonwealth of Kentucky; and

WHEREAS, under date of September 17, 1992, the Predecessor County, at the request of the Company, issued its \$31,000,000 principal amount of County of Jefferson, Kentucky, Pollution Control Revenue Bonds, 1992 Series A (Louisville Gas and Electric Company Project), and all of which \$31,000,000 principal amount of Bonds remain outstanding (the "Refunded 1992 Series A Bonds") and the Refunded 1992 Series A Bonds are all subject to redemption on any date, the Refunded 1992 Series A Bonds having been issued to provide refinancing for a portion of the costs of the Project; and

WHEREAS, the Company has determined that it is in the best interests of the Company and the utility customers of the Company that refunding bonds be issued for application to the refunding, payment and discharge of the Refunded 1992 Series A Bonds in order to effectuate various benefits, which will inure to the public; and

WHEREAS, at the request of the Company, the Issuer has agreed to issue \$31,000,000 principal amount of its Environmental Facilities Revenue Refunding Bonds, 2007 Series A (Louisville Gas and Electric Company Project) (or such other designation as the Company shall determine upon when the bonds are offered or sold)," to be dated the date of issuance thereof (the "2007 Series A Bonds"), and to loan the proceeds of the 2007 Series A Bonds to the Company for application to the redemption, payment and discharge of the Refunded 1992 Series A Bonds within 90 days following the date of issuance of the 2007 Series A Bonds upon terms which are set forth in the Loan Agreement, hereinafter identified; and

WHEREAS, a bond purchase agreement for the purchase of the 2007 Series A Bonds (hereinafter defined) has been approved and will be executed and delivered in accordance with the provisions hereof; and

WHEREAS, pursuant to the provisions of Section 103.230 of the Kentucky Revised Statutes, the Company will make a request in writing, addressed to the Issuer, that the sale of the 2007 Series A Bonds, hereinafter authorized, bearing interest at the rate or rates to be specified in the Indenture of Trust, hereinafter identified, shall be made privately upon a negotiated basis, and said writing shall be filed in the office of the Metro Council Clerk; and

WHEREAS, it is necessary and proper in the interests of the health, safety, convenience and general welfare of the citizens, residents and inhabitants of the Issuer, that the Issuer (a) authorize the issuance of the 2007 Series A Bonds and the loan of the proceeds thereof to the Company for the purposes hereinabove set forth, (b) authorize the execution and delivery of a Loan Agreement dated as of March 1, 2007, by and between the Issuer, as lender, and the Company, as borrower (the "Loan Agreement"), (c) authorize the execution and delivery of an Indenture of Trust dated as of March 1, 2007, by and between the Issuer and the Trustee to be specified and appointed therein (the "Indenture"), (d) confirm and approve the sale of the 2007 Series A Bonds to the purchasers thereof and in that regard adopt and approve a Bond Purchase Agreement and accept an Inducement Letter, and (e) approve and adopt an Official Statement in respect of the 2007 Series A Bonds.

BE IT ORDAINED BY THE LEGISLATIVE COUNCIL OF THE LOUISVILLE/ JEFFERSON COUNTY METRO GOVERNMENT (THE "COUNCIL") AS FOLLOWS:

Section 1. For the purposes set forth in the preambles, there are hereby authorized and directed the following:

(A) The incorporation by reference of the preambles of this Ordinance as integral parts of this Ordinance, to the same extent as if repeated herein verbatim, it being declared that the statements of fact set forth in such preambles are true and accurate in all respects.

(B) The authorization, execution, sale, delivery and issuance of \$31,000,000 principal amount of "Louisville/Jefferson County Metro Government, Kentucky, Environmental Facilities Revenue Refunding Bonds, 2007 Series A (Louisville Gas and Electric Company Project) (or such other designation as the Company shall determine when the bonds are offered or sold)," (the "2007 Series A Bonds"), bearing interest and maturing as provided in the Indenture and being in the forms and being subject to all the terms and specifications set forth in the Indenture.

(C) The loan of the proceeds of the 2007 Series A Bonds to the Company, as provided in the Loan Agreement, for application to the current refunding, payment and discharge of the Refunded 1992 Series A Bonds.

(D) The principal or redemption price of and interest on the 2007 Series A Bonds are payable solely and only from the payments made by or on behalf of Louisville Gas and Electric Company, as pledged pursuant to the Indenture. The 2007 Series A Bonds, and the interest and premium, if any, thereon, do not represent or constitute an indebtedness of the Louisville/Jefferson Metro Government or the Commonwealth of Kentucky or any political subdivision of the Commonwealth of Kentucky within the meaning of the provisions of the Constitution or statutes of the Commonwealth of Kentucky or a pledge of the faith and credit of the Louisville/Jefferson County Metro Government, the Commonwealth of Kentucky or any political subdivision thereof. No funds or assets of the Louisville/Jefferson County Metro Government are or shall ever be used to pay the 2007 Series A Bonds.

Section 2. In order to provide for the refunding, payment and discharge of the Refunded 1992 Series A Bonds, the Mayor or any Deputy Mayor are hereby authorized, empowered, and directed to execute, acknowledge and deliver on behalf of the Issuer the Loan Agreement, hereby adopted and approved, substantially in the form appended hereto as "EXHIBIT A."

Section 3. In order to provide for the authorization, and to secure the 2007 Series A Bonds to be issued pursuant to the Act and this Ordinance, to make said loan and to prescribe the terms and conditions upon which the 2007 Series A Bonds are to be secured, executed, delivered, authenticated, accepted and held, the Mayor or any Deputy Mayor is hereby authorized, empowered and directed to execute, deliver and acknowledge the Indenture, hereby adopted and approved, and the Metro Council Clerk is hereby authorized, empowered and directed to execute, deliver, acknowledge and affix the official seal of the Issuer thereto, and to attest the same, and the Mayor, any Deputy Mayor and the Metro Council Clerk are hereby authorized, empowered and directed to cause the Indenture to be accepted, executed, delivered and acknowledged by the Trustee identified therein, the Indenture to be in substantially the form appended hereto as "EXHIBIT B."

Section 4. The Mayor, any Deputy Mayor, the Metro Council Clerk, the Chief Financial Officer, the County Attorney and all other appropriate Issuer officials and employees, for and on behalf of the Issuer, are hereby authorized, empowered and directed to do and perform any and all things necessary to effect the execution and delivery of the Indenture, its execution, delivery and acceptance by the Trustee,

the performance of all obligations of the Issuer under and pursuant to the Indenture, the execution and delivery of the 2007 Series A Bonds and the performance of all other actions of whatever nature necessary to effect and carry out the authority conferred by this Ordinance and by the Indenture. The Mayor, any Deputy Mayor, the Metro Council Clerk, the Chief Financial Officer, the County Attorney and all other appropriate Issuer officials are hereby further authorized, empowered and directed, for and on behalf of the Issuer, to execute and deliver or to approve the execution and delivery by the Company, the Purchasers, bond insurance entities and other relevant parties of all customary papers, documents, certificates or other instruments, including but not limited to a continuing disclosure agreement and book entry documents with The Depository Trust Company, that may be required for the carrying out and effectuation of the authority conferred by this Ordinance and the Indenture, or to evidence said authority, and to exercise and otherwise take all actions necessary to the full realization of the rights, accomplishments and purposes of the Issuer under the Loan Agreement, and to discharge all of the obligations of the Issuer as lender under the Loan Agreement.

Section 5. The sale of the 2007 Series A Bonds to underwriters to be designated by the Company (hereinafter sometimes referred to as the "Purchasers") pursuant to a certain Bond Purchase Agreement to be dated the date of execution thereof, at the prices and interest rates to be set forth therein is hereby authorized, approved and confirmed, and the terms of said Bond Purchase Agreement (a copy of which in substantially final form is appended hereto as "EXHIBIT C") are in all respects authorized, approved and confirmed. The Mayor or any Deputy Mayor and the Metro Council Clerk are hereby authorized, directed and empowered to execute and approve, for and on behalf of the Issuer, the Bond Purchase Agreement upon approval, execution and delivery thereof by both the Company and the Purchasers, provided that (a) the purchase price of the 2007 Series A Bonds shall be at least 100% of the principal amount thereof, (b) the maturity date of the 2007 Series A Bonds shall not exceed 30 years from date of issuance and (c) the average interest rate to be borne by the 2007 Series A Bonds shall be (i) if issued in the Long Term Interest Rate Mode, not in excess of 7% per annum or (ii) shall be a variable or auction interest rate. The sale and award of the 2007 Series A Bonds pursuant to such authority and direction is hereby confirmed and ratified and shall require no further action by the Council of the Issuer. The Bond Purchase Agreement shall be dated as of its date of execution and delivery by the parties thereto. The Issuer hereby approves and adopts substantially the form of an Inducement Letter from the Company directed to the Issuer and the Purchaser, dated the date of the Bond Purchase Agreement (a copy of which is appended hereto as "EXHIBIT D"). The immediate execution and delivery of said Bond Purchase Agreement and the acceptance of said Inducement Letter by the Mayor or any Deputy Mayor and the Metro Council Clerk is hereby authorized and directed when such documents are executed and delivered by the other parties thereto.

Section 6. An Official Statement, in respect of the 2007 Series A Bonds, a copy of substantially the form of which is appended hereto as "EXHIBIT E", is hereby approved, and the Mayor or any Deputy Mayor is hereby authorized, empowered and directed to execute said Official Statement.

Section 7. The provisions of this Ordinance are hereby declared to be severable and, if any section, phrase or provision shall, for any reason, be declared invalid, such declaration of invalidity shall not affect the validity of the remainder of this Ordinance.

Section 8. All ordinances, resolutions, orders or parts thereof in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 9. This Ordinance shall be in full force and effect from and after its adoption and approval as provided by law.

This Ordinance was given first reading at a duly convened meeting of the Council held on _____, 2007, and given second reading and adopted at a duly convened meeting of the Council held on _____, 2007.

Kathleen J. Herron
Metro Council Clerk

Rick Blackwell
President of the Council

Jerry E. Abramson
Mayor

Approval Date

Approved as to Form and Legality:

Irv Maze
Jefferson County Attorney

By _____
James T. Carey
Assistant County Attorney

CERTIFICATION

I, the undersigned, do hereby certify that I am the duly qualified and acting Metro Council Clerk of the Louisville/Jefferson County Metro Government (the "Metro Government"), and as such Clerk, I further certify that the foregoing is a true, correct and complete copy of an Ordinance duly adopted by the Legislative Council of the Metro Government upon second reading at a duly convened meeting held on _____, 2007, signed by the Mayor, approved by me as Clerk and in full force and effect as therein stated, all as shown by the official records of the Metro Government in my possession and under my control.

IN WITNESS WHEREOF, I have hereunto set my hand this _____, 2007.

Kathleen J. Herron
Metro Council Clerk